

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2015/2016

**BMK1014 – PRINCIPLES OF MARKETING**  
( All sections / Groups )

28 MAY 2016  
9.00 a.m – 11.00 a.m  
( 2 Hours )

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### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **NINE (9)** printed pages (excluding cover page) with:  
**Section A:** Forty (40) multiple choice questions (40 marks)  
**Section B:** Three (3) structured questions (60marks)
2. Answer **ALL** questions.
3. Answer **Section A** in the multiple-choice answer sheet provided and **Section B** in the answer booklet provided.
4. Marks allocations are shown at the end of each question.

**SECTION A : ANSWER ALL QUESTIONS (40 MARKS)**

- 1) Product improvements, product modifications, and original products can all be classified as \_\_\_\_\_.  
A) blueprints  
B) new products  
C) prototypes  
D) product extensions  
E) test products
- 2) Why are customers often considered the most important sources of new product ideas?  
A) Customers are close to the market and can pass along information about problems and new product possibilities.  
B) The company can analyze customer questions and complaints to find new products that better solve consumer problems.  
C) Customers buy competing new products, take them apart to see how they work, analyze sales, and then decide to purchase.  
D) Customers review the sales, costs, and profit projections for a new product to find out whether the product satisfies the company's objectives.  
E) Customers estimate the minimum and maximum sales to assess the range of risk.
- 3) Which of the following statements is true of the idea generation stage in the new product development process?  
A) The purpose of idea generation is to reduce the number of ideas to the least possible number.  
B) Truly innovative companies rely exclusively on a single source for new product ideas.  
C) Customers are the least important sources of new product ideas.  
D) Truly innovative companies develop extensive innovation networks that capture ideas and inspiration from every possible source.  
E) Truly innovative companies seldom rely on customers and the general public for ideas.
- 4) A review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company's objectives is called a \_\_\_\_\_.  
A) business feasibility plan  
B) marketing strategy development  
C) business analysis  
D) product acceptance  
E) business proposal

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- 5) Which of the following is the most likely circumstance for a company to decide to do little or no test marketing?
- A) when the new product requires a major investment
  - B) when management lacks confidence in the new product
  - C) when management lacks confidence in the marketing strategy
  - D) when the product has no substitutes and is new in its category
  - E) when the costs of developing and introducing the product are low
- 6) Which of the following is true with regard to price?
- A) Historically, price has had the least perceptible impact on buyer choice.
  - B) Price is the least flexible element in the marketing mix.
  - C) Unlike product features and channel commitments, prices cannot be changed quickly.
  - D) Price is the sum of all the values that customers give up to gain the benefits of having a product.
  - E) Prices only have an indirect impact on a firm's bottom line.
- 7) Which of the following is true of value-based pricing?
- A) The targeted value and price drive decisions about what costs can be incurred and the resulting product design.
  - B) Value-based pricing is mostly product driven.
  - C) Value-based pricing involves setting prices based on the costs of producing, distributing, and selling the product plus a fair rate of return for its effort and risk.
  - D) The marketer usually designs a product and marketing program and then sets the price.
  - E) A company using value-based pricing designs what it considers to be a good product, adds up the costs of making the product, and sets a price that covers costs plus a target profit.
- 8) \_\_\_\_\_ pricing refers to offering just the right combination of quality and gratifying service at a fair price.
- A) Markup
  - B) Good-value
  - C) Cost-plus
  - D) Target profit
  - E) Break-even
- 9) \_\_\_\_\_ pricing involves charging higher prices on an everyday basis but running frequent promotions to lower prices temporarily on selected items.
- A) High-low
  - B) Everyday low
  - C) Cost-plus
  - D) Break-even
  - E) Penetration

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- 10) As production workers become better organized and more familiar with equipment, the average cost per unit tends to decrease with the \_\_\_\_\_.
- A) increase in the diseconomies of scale
  - B) accumulated production experience
  - C) decrease in the economies of scale
  - D) increase in derived demand
  - E) increase in primary demand
- 11) The sets of firms that supply companies with the raw materials, components, parts, information, finances, and expertise needed to create products or services are known as \_\_\_\_\_.
- A) retailers
  - B) upstream partners
  - C) distributors
  - D) downstream partners
  - E) distribution channels
- 12) \_\_\_\_\_ play an important role in matching supply and demand by providing consumers with a broad assortment of products in small quantities.
- A) Virtual banks
  - B) Intermediaries
  - C) Price consultants
  - D) Uniform-delivery networks
  - E) Upstream partners
- 13) The greater the number of channel levels in a marketing channel, the \_\_\_\_\_.
- A) less distance between producer and end-consumer
  - B) greater the channel complexity
  - C) less time it takes for products to reach end-consumers
  - D) greater the control producers have over the distribution of their products
  - E) greater the control producers have over the demand of their products
- 14) \_\_\_\_\_ are complex behavioral systems in which people and companies interact to accomplish individual, company, and channel goals.
- A) Customer relationship management systems
  - B) Distribution channels
  - C) Partner relationship systems
  - D) Consumer bases
  - E) Buying centers

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- 15) A(n) \_\_\_\_\_ consists of one or more independent producers, wholesalers, and retailers, each seeking to maximize its own profits, sometimes even at the expense of the system as a whole.
- A) multitiered supply chain
  - B) conventional distribution channel
  - C) intrinsic market matrix
  - D) resource bank
  - E) product platform
- 16) Which of the following is true of conventional distribution channels?
- A) Channel members have complete control over each other.
  - B) Channel members seek to maximize their own profits.
  - C) Channel conflict is governed by formal mechanisms.
  - D) Channel members are assigned roles according to a clearly defined framework.
  - E) Channel members work exclusively for the good of the organization.
- 17) Which of the following is one of the five major promotion tools?
- A) market penetration
  - B) strategic positioning
  - C) product line filling
  - D) market diversification
  - E) direct marketing
- 18) Which of the following promotion tools involves building up a good corporate image and handling unfavorable stories and events?
- A) sales promotion
  - B) personal selling
  - C) direct marketing
  - D) public relations
  - E) advertising
- 19) Which of the following statements is true regarding today's marketing communications?
- A) More marketers are shifting away from narrowly defined micromarkets and moving toward mass marketing.
  - B) More customers have started relying on marketer-supplied information rather than finding out information on their own.
  - C) Network television, magazines, newspapers, and other traditional mass media continue to increase their dominance.
  - D) Focused marketing programs, which are designed to build closer relationships with customers in more narrowly defined micromarkets, are no longer used by marketers.
  - E) Today's consumers are better informed about products and services.

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20) Companies often fail to integrate their various communications to consumers because \_\_\_\_\_.

- A) historically, consumers have been able to distinguish between message sources
- B) advertising departments are reluctant to work with public relations professionals
- C) communications often come from different parts of the company**
- D) personal selling and sales promotion are in direct conflict
- E) firms have overemphasized the concept of brand contact

21) Today, several companies are adopting the concept of \_\_\_\_\_, which carefully combines and coordinates the company's many communication channels to deliver a clear, consistent, and compelling message about the organization and its brands.

- A) integrated marketing communications
- B) pull strategy
- C) vertical diversification
- D) nonpersonal communication channels
- E) buzz marketing

22) While using integrated marketing communications, the communications process should start with a(n) \_\_\_\_\_.

- A) advertising strategy
- B) competitive-parity analysis
- C) long-term public relations plan
- D) audit of all potential customer touch points
- E) strategy for implementing a social media presence

23) The decisions about impact and engagement of an advertisement fall into the category of \_\_\_\_\_ decisions.

- A) sales objectives
- B) budget
- C) message
- D) media
- E) advertising evaluations

24) An advertising objective is classified by its primary purpose, which is to inform, persuade, or \_\_\_\_\_.

- A) reciprocate
- B) compete
- C) remind
- D) explain
- E) suggest

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- 25) When the advertising objective is to build primary demand for a new product category, \_\_\_\_\_ advertising will most likely be used.
- A) persuasive
  - B) informative
  - C) comparative
  - D) patronage
  - E) institutional
- 26) Which of the following brands most likely requires heavy advertising in order to be set apart from similar products?
- A) undifferentiated brands
  - B) specialty brands
  - C) international brands
  - D) mature brands
  - E) high-share brands
- 27) Which of the following is a major element of developing an advertising strategy?
- A) selecting advertising media
  - B) using sophisticated statistical models
  - C) setting advertising objectives
  - D) evaluating advertising campaigns
  - E) setting the advertising budget
- 28) Developing an effective message strategy begins with identifying \_\_\_\_\_ that can be used as advertising appeals.
- A) consumer trends
  - B) competitors' weaknesses
  - C) competitors' strengths
  - D) customer benefits
  - E) consumer emotions
- 29) Which of the following is true about the sales force of a company?
- A) Salespeople represent customers to the company and manage the buyer-seller relationship.
  - B) Salespeople represent workers' interests to upper management.
  - C) The primary responsibility of a sales force is to formulate operational strategies.
  - D) The sales force is responsible for product development and product strategy.
  - E) The sales force oversees the auditing process and recovers money from defaulting customers.

Continued...

- 30) In the \_\_\_\_\_, each salesperson is assigned to an exclusive geographic area and sells the company's full line of products or services to all customers in that region.
- A) territorial sales force structure
  - B) digital marketing system
  - C) product sales force structure
  - D) geographical operations system
  - E) customer sales force structure
- 31) In the \_\_\_\_\_, separate sales forces are set up for different industries.
- A) territorial sales force structure
  - B) digital marketing system
  - C) customer sales force structure
  - D) geographical operations system
  - E) product sales force structure
- 32) Which of the following best explains why companies are adopting the team selling approach to service large, complex accounts?
- A) Products have become too complicated for one salesperson to handle a large company's needs.
  - B) Customers prefer dealing with many salespeople rather than one sales representative.
  - C) Job rotation, an integral part of team selling, keeps workers motivated and boosts their morale.
  - D) Team selling facilitates the evaluation of individual contributions.
  - E) With team selling, companies are not required to train the outside sales force any longer.
- 33) A(n) \_\_\_\_\_ shows how much time is spent selling, traveling, waiting, taking breaks, and doing administrative chores by the salesperson.
- A) customer relationship management tool
  - B) corporate social networking site
  - C) time-and-duty analysis tool
  - D) outsourcing relationship management tool
  - E) product lifecycle management analysis
- 34) Which of the following is the first step in the personal selling process?
- A) handling objections
  - B) follow-up
  - C) presentation and demonstration
  - D) preapproach
  - E) prospecting and qualifying

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- 35) All of the following are benefits of online direct marketing for buyers EXCEPT \_\_\_\_\_.
- A) access to numerous products
  - B) access to product reviews
  - C) live product demonstrations
  - D) convenience
  - E) privacy
- 36) Which of the following statements is true of direct marketing?
- A) Direct marketing is also referred to as referral marketing.
  - B) Salespersons are compensated for other salespeople they recruit.
  - C) Direct marketing offers sellers a low-cost alternative for reaching their markets.
  - D) Direct marketing involves two or more intermediaries.
  - E) In direct marketing, consumers earn a commission every time they buy a product.
- 37) \_\_\_\_\_ companies use both offline and online marketing channels.
- A) Start-up
  - B) Click-only
  - C) Multichannel marketing
  - D) Brick-and-mortar
  - E) Brick-only
- 38) \_\_\_\_\_ are designed to engage consumers in interactions that will move them closer to a direct purchase or other marketing outcome.
- A) Online magazines
  - B) Marketing Web sites
  - C) Search engines
  - D) Digital catalogs
  - E) Podcasts
- 39) Which of the following is true about e-mail marketing messages?
- A) E-mail marketing messages involve sending an offer, announcement, reminder, or sample to a person living at a particular address.
  - B) E-mail marketing messages involve connecting directly with carefully targeted consumers, exclusively on a one-to-one, interactive basis.
  - C) E-mail marketing messages are effective in reaching the desired target market and result in low costs.
  - D) E-mail marketing messages cost more per thousand people reached than mass media such as television or magazines.
  - E) E-mail marketing messages create a stronger emotional connection with the customers compared to traditional direct mail.

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40) \_\_\_\_\_ involves creating a Web site, video, e-mail, mobile message, advertisement, or other marketing event that is so infectious that customers will seek it out or pass it along to their friends.

- A) Telemarketing
- B) Multichannel marketing
- C) Integrated marketing
- D) Viral marketing
- E) Kiosk marketing

**SECTION B : ANSWER ALL QUESTIONS (40 MARKS)**

**QUESTION 1**

Compare and contrast elastic demand and inelastic demand with appropriate examples.

(20 Marks)

**QUESTION 2**

Explain the **FIVE** steps involved in developing effective marketing communication.

(20 Marks)

**QUESTION 3**

Other than selecting the types of promotional programs to use, marketers must make several other decisions in designing the full sales promotion program. What are the **FIVE** factors that need to be considered when designing this program?

(20 Marks)

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